

Nova Scotia Teachers' Pension Plan Trustee Inc.

Purdy's Landing, Suite 400, 1949 Upper Water Street, Halifax, NS B3J 3N3
PO Box 371, Halifax, NS B3J 2P8
Phone: 1-800-774-5070 Fax: 902-424-4539

June 1, 2010

**Re: NOVA SCOTIA TEACHERS' PENSION PLAN,
Variable Indexing Method regarding Indexing/Cost of Living Adjustment (COLA)**

Dear Pensioner or Beneficiary,

As a result of the agreement between the Province of Nova Scotia and the Nova Scotia Teachers' Union signed on June 22, 2005, indexing in a given year for pensions with an effective date on or after August 1, 2006, as well as those of existing pensioners who opted for the new indexing arrangement, depends on the funding level of the Plan.

If the funding level as at December 31st of the preceding fiscal year is less than 90%, no indexing will be provided. At a funding level of between 90% and 100%, indexing will be granted at 50% of the increase in the CPI, at the discretion of the Board of Trustees. If the funding level is greater than 100%, indexing will be provided at 100% of the increase in the CPI, to the extent that it does not reduce the funding level to below 100%, in which case pensions will be increased by at least 50% of the increase in the CPI.

At December 31, 2009, the Plan's funding level was 75.9%. Applying the above criteria, no Cost of Living Adjustment or Indexing can be granted this year.

If you have any questions about this, please contact our Administrator's office, the Nova Scotia Pension Agency, at 1-800-774-5070 (toll free in NS) or 424-5070.

Sincerely,

Chair
Nova Scotia Teachers' Pension Plan Trustee Inc.